

# **MARULENG LOCAL MUNICIPALITY**



**ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDING 30 JUNE  
2013**

**MARULENG LOCAL MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**30 JUNE 2013**

**General information**

**Members of the Council**

P A Mafologele

**Mayor**

Raganya B

**Speaker**

M J Nyathi

**Members of the Executive Committee**

M A Mathaba

M B Popela

M J Maahlo

M L Mongadi

**Members**

E C Du Preez

M P Mashumu (Chief Whip)

M S Malapane

M C Mahlako

M R Malepe

S A Nyathi

L V Shai

T A Mathaba

M C Magoro

M D Popela

J T Morema

M M Rakgoale

P A Shai

R B Sekgobela

P E Shai

K J Monyela

M R Mametja

I H Malatjie

M J Rakgoale

P. Ratshoshi

**Municipal Manager**

R J Ramothwala

**Acting Chief Financial Officer**

M F Sekgobela

**Grading of Local Authority**

3

**Auditors**

Auditor-General

**Bankers**

Standard Bank

**MARULENG LOCAL MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**30 JUNE 2013**

**General information (continued)**

<b>Registered Office:</b>	Municipal Offices
<b>Physical address:</b>	65 Springbok St./-str. 65 Hoedspruit 1380
<b>Postal address:</b>	P.O. Box/Posbus 627 Hoedspruit 1380
<b>Telephone number:</b>	(015) 793 2409
<b>Fax number:</b>	(015) 793 2341
<b>E-mail address:</b>	<a href="mailto:info@maruleng.gov.za">info@maruleng.gov.za</a>

**MARULENG LOCAL MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**30 JUNE 2013**

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**MARULENG LOCAL MUNICIPALITY**  
**ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**30 JUNE 2013**

**APPROVAL OF ANNUAL FINANCIAL STATEMENTS**

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 35, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 22 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Cooperative Governance and Traditional Affairs determination in accordance with this Act.

**R J RAMOTHWALA**  
**MUNICIPAL MANAGER**

**DATE**

**MARULENG LOCAL MUNICIPALITY**  
**STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2013**

		2013	2012
	Note	R	R
<b>ASSETS</b>			
<b>Current assets</b>			
Inventories	2	91 824	180 399
Receivable from exchange transactions	3	1 723 338	466 620
Receivable from non-exchange transactions	4	1 903 951	2 289 549
Other receivables	5	14 824 817	13 453 183
VAT receivable	6	3 887 985	470 565
Cash and cash equivalents	7	29 538 680	19 849 927
<b>Non-current assets</b>			
Property, plant & equipment	8	359 795 268	352 724 692
Intangible assets	9	27 821	34 875
Investment property carried at cost	10	3 254 850	3 254 850
<b>Total assets</b>		<b><u>415 048 534</u></b>	<b><u>392 724 659</u></b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables from exchange transactions	11	6 862 235	5 329 715
Trade and other payables from non exchange transactions	11	3 382 431	4 022 282
Unspent conditional grants and receipts	12	3 742 042	1 170 756
Provision	13	696 314	739 880
Current portion of finance lease obligation	14	256 673	226 449
<b>Non-current liabilities</b>			
Provisions	13	12 172 857	8 519 770
Finance lease liability	14	180 173	314 548
<b>Total liabilities</b>		<b><u>27 292 726</u></b>	<b><u>20 323 400</u></b>
		<b><u>387 755 809</u></b>	<b><u>372 401 260</u></b>
<b>Net Assets</b>			
Accumulated surplus/(deficit)		387 755 809	372 401 260
		<b><u>387 755 809</u></b>	<b><u>372 401 260</u></b>

**MARULENG LOCAL MUNICIPALITY**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013**

	Note	2013 R	2012 R
<b>REVENUE</b>			
Property rates	16	11 305 512	10 341 899
Service charges	17	2 548 200	2 260 834
Finance income	18	1 246 988	969 593
Government grants and subsidies received - operating	19	64 241 714	52 984 243
Government grants and subsidies received - capital	19	27 885 010	30 279 670
Rental of facilities and equipment		256 312	319 516
Agency fees	20	3 743 537	3 671 553
Other revenue	21	1 622 788	767 185
Gain on disposal of assets	22	0	314 407
<b>Total Revenue</b>		<b>112 850 061</b>	<b>101 908 900</b>
<b>EXPENDITURE</b>			
Employee related costs	23	33 627 508	28 016 594
Remuneration of councillors	24	7 358 761	6 846 399
Bad debts		1 705 371	3 588 743
Depreciation and amortisation expense	25	26 736 893	19 817 655
Finance cost	26	64 910	41 229
Repairs and maintenance		1 271 071	1 137 301
General expenses	27	20 637 607	27 553 293
Contracted services	28	5 222 219	5 214 941
Loss on disposal of Assets	22	871 171	
<b>Total Expenditure</b>		<b>97 495 512</b>	<b>92 216 156</b>
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>15 354 549</b>	<b>9 692 744</b>

**MARULENG LOCAL MUNICIPALITY**  
**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2013**

	Pre GRAP Reserves & Funds	Accumulated Surplus/ (Deficit)	Total: Net Assets
	R	R	R
<b>Balance at 1 July 2012</b> GRAP implementation (note 27)		153 048 237	153 048 237 0
<b>Restated balance</b>	-	<b>153 048 237</b>	<b>153 048 237</b>
Surplus/(deficit) for the period		21 269 847	21 269 847
Previous years adjustments		198 083 176	198 083 176
<b>Balance at 30 July 2012</b>	-	<b>372 401 260</b>	<b>372 401 260</b>
<b>Changes in equity for 2012</b> Surplus/(deficit) for the period		<b>15 354 549</b>	<b>15 354 549</b>
<b>Balance at 31 Dec 2012</b>	-	<b>387 755 809</b>	<b>387 755 809</b>



**MARULENG LOCAL MUNICIPALITY**  
**STAMENT OF CASH FLOW FOR THE YEAR ENDING 30 JUNE 2013**

	Note	2013 R	2012 R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>RECEIPTS</b>		<b>110 226 234</b>	84 941 891
Sales of goods and services		228 021	1 029 062
Property Rates		11 305 512	10 341 899
Grants		94 698 010	71 513 497
Other receipts		3 994 691	2 057 433
<b>PAYMENTS</b>		<b>(66 943 822)</b>	59 296 130
Employee costs		(33 627 508)	27 665 864
Remuneration for councillors		(7 358 761)	6 846 399
Suppliers		(6 493 291)	6 352 242
Other payments		(19 464 262)	18 431 624
<b>Cash generated from / (utilized in) operations</b>	<b>30</b>	<b>43 282 412</b>	<b>25 645 760</b>
		<b>1 182 078</b>	<b>794 249</b>
Investment revenue/ interests received		1 246 988	753 020
Interest Paid		( 64 910)	41 229
<b>Net Cash From Operating Activities</b>		<b>44 464 490</b>	<b>26 440 010</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment and other assets		(34 671 585)	(30 962 293)
Proceeds from disposal of assets		0	870 000
<b>Net cash used in investing activities</b>		<b>(34 671 585)</b>	<b>(30 092 293)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Raising/(payment) of finance lease liabilities		( 104 152)	277 956
<b>Net cash used in financing activities</b>		<b>( 104 152)</b>	<b>277 956</b>
<b>Increase/(decrease) in cash and cash equivalents</b>		<b>9 688 754</b>	(3 456 785)
Cash and cash equivalents at beginning of the year		19 849 927	22 736 213
Cash and cash equivalents at end of June 2013		29 538 680	19 849 927

**MARULENG LOCAL MUNICIPALITY**  
**STAMENT OF CASH FLOW FOR THE YEAR ENDING 30 JUNE 2013**



## **1. SIGNIFICANT ACCOUNTING POLICIES TO THE ANNUAL FINANCIAL STATEMENTS**

### **1.1 BASIS OF PRESENTATION**

The Annual Financial Statements have been prepared on an accrual basis of accounting and are in accordance with the historical cost basis unless otherwise stated.

These annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP), issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

GRAP and GAAP standards are fundamentally different to the fund accounting policies adopted in the previous financial years. Comparative amounts have been restated retrospectively to the extent possible.

Assets, liabilities, revenues and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant policy.

### **1.2 PRESENTATION CURRENCY**

These annual financial statements are presented in South African Rand, rounded off to the nearest Rand, which is the functional currency of the municipality.

### **1.3 GOING CONCERN ASSUMPTION**

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

### **1.4 COMPARATIVE INFORMATION**

#### **1.4.1. CURRENT YEAR COMPARATIVE BUDGET**

Budget information in accordance with GRAP 1 and 24, has been provided in a separate disclosure note to these annual financial statements.

#### **1.4.2. PRIOR YEAR COMPARATIVE**

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are also reclassified and restated, unless such comparative reclassification and / or restatement is not required by a Standard of GRAP. The nature and reason for such reclassifications and restatements are also disclosed.

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable and the prior year comparatives are restated accordingly.

The presentation and classification of items in the current year is consistent with prior periods.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

### **1.5 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE**

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

GRAP 18 Segment Reporting - issued March 2005  
GRAP 20 Related Party Disclosures (Revised)  
GRAP 25 Employee Benefits - issued December 2009  
GRAP 105 Transfers between entities under common control - issued November 2010  
GRAP 106 Transfers between entities not under common control - issued November 2010  
GRAP 107 Mergers - issued November 2010

### **1.6 PROPERTY, PLANT & EQUIPMENT**

#### **1.6.1 Initial recognition**

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost.

## 1.6

### PROPERTY, PLANT & EQUIPMENT (cont)

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the initial estimate of the costs of dismantling and removing the asset and restoring the site on which it is located. Including import duties and non-refundable taxes.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

#### 1.6.2 Subsequent measurement - revaluation model (land and buildings)

Subsequently land and buildings are stated at revalued amounts, being the fair value of the land and buildings as per the valuation roll prepared by Bokone Bophirima on the 13 th May 2010.

An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

A decrease in the carrying amount of land and buildings as a result of a revaluation is recognised as an expense unless there is a revaluation surplus in the reserve account. Any amount in excess of the revaluation surplus is recognised as an expense.

#### 1.6.3 Subsequent measurement - cost model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

#### 1.6.4 Depreciation and impairment

Depreciation is calculated on the asset's depreciable amount, using the straight-line method over the useful lives of the asset. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives as per the MFMA - Local Government Capital Assets Management Guidelines :

Infrastructure Assets	Years
Roads, pavements, bridges and storm water	20 - 60
Street names, signs and parking meters	5
Refuse sites	15
Security measures	5
<b>Community Assets</b>	
Community halls	30
Libraries	30
Recreation facilities	30
Cemeteries	30
<b>Other Assets</b>	
Motor vehicles	7 -10
Plant and equipment	5 -10
IT equipment	5
Office equipment	5
Specialised vehicles	20
<b>Finance lease assets</b>	
Office equipment	3 -5

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

## 1.6 PROPERTY, PLANT & EQUIPMENT (cont)

### Finance lease assets

#### Office equipment

3 -5

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as:

Heritage assets are assets that are defined as culturally significant resources and are not depreciated as they are regarded as having an infinite life which are shown at cost. However, if improvements to heritage assets are conducted and registered as sub-assets and the useful life of the improvements can be determined, the depreciation charge of the relevant property, plant and equipment category is used for the depreciation of the sub-asset which was capitalised against the heritage asset.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance. (Impairment loss of a revalued asset is treated as a revaluation decrease).

#### 1.6.5 Derogation

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

#### 1.6.6. Gain and Loss

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired or through the amortisation process.

## 1.7 INTANGIBLE ASSETS

### 1.7.1 Initial recognition

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Where an intangible asset has been acquired at no or for a nominal cost, its cost is its fair value on the date of acquisition.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

### 1.7.2 Subsequent measurement - cost model

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test, and the useful life is reviewed at each reporting date, and if the useful life has changed from indefinite and definite, it is treated as a change in accounting estimate in Statement of Financial Performance.

### 1.7.3 Amortisation and impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated average asset lives:

	Years
Licences	3
Computer software	3

Each item of intangible asset is amortised separately.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised prospectively as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

## 1.7 PROPERTY, PLANT & EQUIPMENT (cont)

### 1.7.4 Derecognition

Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

## 1.8 NON-CURRENT ASSETS HELD FOR SALE

### 1.8.1 Initial recognition

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

### 1.8.2 SUBSEQUENT MEASUREMENT

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

## 1.9 INVESTMENT PROPERTY

### 1.9.1 Initial recognition

Investment property includes property (land or a building, or part of a building, or both land or buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

The cost of self-constructed investment property is the cost at date of completion.

### 1.9.2 SUBSEQUENT MEASUREMENT - FAIR VALUE

Investment property is measured using the fair value model. Under the fair value model, changes in fair value are recognised in surplus or deficit.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated average asset lives:

	Years
Investment property	30

## 1.10 INVENTORIES

### 1.10.1 Initial recognition

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and current replacement cost where they are held for distribution at no charge or for nominal charge. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

Unsold properties are held for own use with the result that it should be carried at the lower of cost or current replacement cost. In general, the basis of allocating cost to inventory items is the first-in, first-out method.

The municipality has taken advantage of the transitional provisions in Directive 4 of February 2008, on initial adoption of the standard of GRAP on Inventories, GRAP 12, to comply fully with this standard.

## 1.10 INVENTORIES (cont.)

### 1.10.2.Subsequent measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

Unsold properties are valued at the lower of cost and net realisable value on a specific identification cost basis. Direct costs are accumulated for each separately identifiable development. Costs also include a proportion of overhead costs.

In general, the basis of allocating cost to inventory items is the first-in, first-out method.

## 1.11 FINANCIAL INSTRUMENTS

### 1.11.1 Initial recognition

Financial instruments are initially measured at fair value, plus, (in the case of financial instruments not at fair value through profit or loss), transaction costs. The fair value of a financial instrument that is initially recognised is normally the transaction price, unless the fair value is evident from the observable market data. The municipality uses a discounted cash flow model which incorporates entity-specific variables to determine the fair value of financial instruments that are not traded in an active market. Differences may arise between the fair value initially recognised in (which in accordance with IAS 39, is generally the transaction price) and the amount initially determined using the valuation technique. Any such differences are subsequently recognised in profit or loss only to the extent that they relate to a change in the factors (including time) that market participants would consider in setting the price.

### 1.11.2.Subsequent measurement

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to-maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

The Entity classifies its financial assets into the following categories held-to-maturity;

- loans and receivables;
- available-for-sale; and
- fair value through profit and loss.

The classification depends on the purpose for which the financial asset is acquired, and is as follows:

Held-to-maturity investments are financial assets with fixed or determinable payments and fixed maturity, where the Entity has the positive intent and ability to hold the investment to maturity. They are subsequently measured at amortised cost, using the effective interest rate method. Any adjustment is recorded in the Statement of Financial Performance in the period in which it arises.

Loans and receivables are financial assets that are created by providing money, goods or services directly to a debtor. They are subsequently measured at amortised cost, using the effective interest rate method. Any adjustment is recorded in the Statement of Financial Performance in the period in which it arises.

Available-for-sale financial assets are financial assets that are designated as available for sale, and are subsequently measured at fair value at Statement of Financial Position date, except for investments in equity instruments that do not have quoted market prices in an active market, and whose fair value cannot be reliably measured, which shall be measured at cost. Any adjustment is recorded in the Statement of Changes in Net Assets in the period in which it arises. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. The fair value of financial instruments classified as available-for-sale is their quoted bid price at the Statement of Financial Position date.

Fair value through profit and loss financial assets include derivative financial instruments used by the Entity to manage its exposure to fluctuations in interest rates attached to certain of its external borrowings interest swap agreements. Any fair value adjustment is recorded in the Statement of Financial Performance in the period in which it arises. To the extent that a derivative instrument has a maturity period of longer than a year, the fair value of these instruments will be reflected as a non-current asset or liability, and is subsequently measured at fair value at Statement of Financial Position date.

**1.11****FINANCIAL INSTRUMENTS (cont.)**

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discount) through the expected life of the financial asset, or, where appropriate a shorter period.

**1.11.2.1 TRADE AND OTHER RECEIVABLES**

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current

**1.11.2.2 TRADE PAYABLES AND BORROWINGS**

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

**FINANCIAL INSTRUMENTS (cont.)****1.11.2.3 Cash and cash equivalents**

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

**1.11.3 Impairment**

An assessment is performed at each Statement of Financial Position date to determine whether objective evidence exists that a financial asset is impaired. The carrying amounts of cash investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments. This reduction in carrying value is recognised in the Statement of Financial Performance.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

**1.11.4. Impairments of non-financial assets**

In testing for, and determining the value-in-use of non-financial assets, management is required to rely on the use of estimates about the asset's ability to continue to generate cash flows (in the case of cash-generating assets). For non-cash-generating assets, estimates are made regarding the depreciated replacement cost, restoration cost, or service units of the asset, depending on the nature of the impairment and the availability of information.

**1.11.5. Heritage Assets**

Heritage assets, which are culturally significant resources and which are shown at cost, are not depreciated due to the uncertainty regarding their estimated useful lives. The valuation of heritage assets is dependent on the type of the asset and the availability of reliable information. Management makes estimates and assumptions about factors such as the restoration cost, replacement cost and cash flow generating ability in estimating fair value.



## 1.12 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

(a) The municipality has a detailed formal plan for the restructuring identifying at least:

- the business or part of a business concerned
- the location, function, and approximate number of employees who will be compensated for terminating their services;
- the expenditures that will be undertaken; and
- when the plan will be implemented; and

(b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

## 1.13 LEASES

### 1.13.1 The Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. The aggregate benefit of incentives of Operating lease are recognised as a reduction of rental expense on a straight-line basis over the term of the relevant lease.

### 1.13.2 The Municipality as Lessor

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

## 1.14 REVENUE RECOGNITION

Revenue shall be measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates, VAT and other similar allowances.

### 1.14.1 Revenue from exchange transactions

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

#### Service charges

When the outcome of a transaction involving the rendering services can be estimated reliably, revenue associated with the transaction is recognised by the stage of completion of the transaction at the reporting date. The outcome of the transaction can be estimated reliably when the following are met.

It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and

- The amount of the revenue can be measured reliably.

Service charges relating to refuse removal are recognised on a monthly basis by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage and are levied monthly based on the number of refuse containers on each property, regardless of whether or not containers are emptied during the month.

**Sale of goods**

Revenue from the sale of goods is recognised when substantially all the risks and rewards of ownership of the goods is passed to the consumer.

Revenue from the sale of erven is recognised when all conditions associated with the deed of sale have been met.

**Interest**

Interest shall be recognised on a time proportionate basis that takes into account the effective yield on the asset.

**Agency Services**

Income for agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

The revenue is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Collection charges are recognised when such amounts are incurred.

**REVENUE RECOGNITION (cont)****1.14.2 Revenue from non-exchange transactions**

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

**1.14 Rates (including collection charges and penalty interest)**

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Rebates are respectively granted, to owners of land on which not more than two dwelling units are erected provided that such dwelling units are solely used for residential purposes. Additional relief is granted to needy, aged and/or disabled owners, based on income.

Assessment rates income is recognised once a rates account has been issued to ratepayers. Adjustments or interim rates are recognised once the municipal valuer has valued the change to properties.

**Fines**

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received.

**Public donations and contributions**

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Deferred income relating to government grants are recognised on the following bases:

- Capital contributions to property, plant and equipment: Credited on a systematic basis to the Statement of financial Performance based on the estimated useful life of the plant and equipment.
- Income-related grants subsidising expenses: Credited to the Statement of Financial Performance as revenue when the related expense is recognised

Contributed property, plant and equipment is recognised at fair value, when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

**Other**

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

**Government grants, transfers and donations**

Conditional grants, donations and funding were recognised as revenue in the Statement of Financial Performance to the extent that the Municipality has complied with any criteria, conditions or obligations embodied in the agreement/arrangement. To the extent that the criteria, conditions and obligations have not been met a liability is raised in the Statement of Financial Position. Unconditional grants, donations and funding are recognised as revenue in the Statement of Financial Position at the earlier of the date of receipt or when the amount is receivable.

Contributed assets are recognised at fair value when the risks and rewards associated with such asset transfer to the Municipality.

## **1.15 BORROWING COSTS**

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately established.

Borrowing costs incurred other than on qualifying assets are recognised as an expense in surplus or deficit when incurred.

## **1.16 EMPLOYEE BENEFITS**

### **1.16.1 Short-term employee benefits**

The cost of short-term employee benefits, which include salaries and wages, short-term compensated absences, non-monetary benefits such as medical aid and performance plans, are expensed in the Statement of Financial Performance in the financial year during which the payment is made.

Liabilities for short-term employee benefits that are unpaid at year-end are measured at the undiscounted amount that the municipality expected to pay in exchange for that service that had accumulated at the reporting date.

### **1.16.2 Post Employment benefits**

The entity provides post employment benefits for its officials. These benefits are provided as either defined contribution plans or defined benefit plans. The entity identifies as defined contribution plans any post-employment plan in terms of which it has no obligation to make further contributions to the plan over and above the monthly contributions payable on behalf of employees (for example in the event of a funding shortfall). Any other plans are considered to be defined benefit plans.

The cost of all short term employee benefits, such as leave pay, is recognised during the period in which the employee renders the

### **1.16.2 Termination Benefits**

Termination benefits are recognised when actions have been taken to indicate that the municipality is demonstrably committed to either terminate the employment of an employee or group of employees before the normal retirement date; or provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

### **1.16.3 Short term and long term employee benefits**

The Municipality provides long term incentives to eligible employees, payable on completion of years of employment. The liability is based on an actuarial valuation. The projected unit credit method has been used to value the obligation. Actuarial gains and losses on the long term incentives are accounted for through the Statement of Financial Performance.

## **1.17 OFFSETTING**

Financial assets and liabilities are offset and the net amount reported on the Statement of Financial Position when there is a legally enforceable right to set off the recognised amount, and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

## **1.18 CONDITIONAL GRANTS AND RECEIPTS**

Income received from conditional grants, donations and subsidies is recognised to the extent that the Municipality has complied with any criteria, condition or obligation embodied in the agreement. To the extent that the criteria, condition or obligations have not been met, a liability is recognised and funds invested until utilised.

Interest earned on the investment is treated in accordance with grant conditions.

### **1.18.1 Grants and receipts of a revenue nature**

Income is transferred to the Statement of Financial Performance as revenue to the extent that the criteria, condition or obligations have been met.

### **1.18.2 Grants and receipts of a capital nature**

Income is transferred to the Statement of Financial Performance as revenue to the extent that the criteria, condition or obligations have been met.

#### 1.19 ACCUMULATED SURPLUS

A statement of changes in net assets must be included in the Annual Financial Statements that will disclose:

The effect of changes in accounting policies and correction of errors. The balance of retained earnings at the beginning of the period

#### 1.20 RELATED PARTY TRANSACTION

Related party transactions are transactions that involve the transfer of resources, services or obligations between related parties, regardless of whether a price is charged

##### 1.20.1 Key Management Personnel

"Key Management Personnel" is defined as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly

The total cost of all employee benefits, such as short term employee benefits, post employment benefits, other long term benefits and termination benefits are recognised during the period in which the employee renders the related services.

Employee benefits resulting from related party transaction are expensed in the Statement of Financial Performance in the financial year during which the payment is made or accrued.

#### 1.22 CHANGES IN ACCOUNTING POLICIES, ESTIMATES AND ERRORS

##### 1.21.1 Accounting policies

Accounting policies are only changed if: required by an accounting standards or interpretation, the change will provide more relevant and reliable information or in terms of the transitional provisions of the new standards.

Accounting policy changes is applied retrospectively, including all comparative periods shown and their opening balances

##### 1.21.2 Changes in estimates

Changes are applied prospectively i.e current reporting period and future periods (where appropriate)

##### 1.21.3 Prior periods errors

Corrections are made retrospectively to the date of the discovery of the error. The application is limited to the beginning of the earliest comparative period presented.

#### 1.23 SIGNIFICANT JUDGEMENT AND ESTIMATES

##### 1.23.1. USE OF ESTIMATES

The use of accounting estimates is an essential part in the preparation of financial statements. They arise as a result of uncertainties inherent in delivering goods, services and conducting trading activities.

The use of accounting estimates is an essential part in the preparation of financial statements. They arise as a result of uncertainties inherent in delivering goods, services and conducting trading activities.

The use of estimates does not undermine the reliability of the information presented as the estimate should be made using the latest available and most reliable information.

As and when the information on which the estimate is based changes, it also becomes necessary to revise the previous estimate. By nature, the revision of an estimate does not have an effect on prior periods and is therefore not a correction of a prior period error. A revision of an accounting estimate won't be seen to be a correction of an error provided the estimate was based on the latest and most reliable information available at the time that the estimate was made. An example of a change in accounting estimate will be the reassessment of the prior period impairment loss based on new information available in the current financial period.

##### 1.23.3. Provision for Rehabilitation of Refuse Landfill sites

The provision for rehabilitation is recognised as and when the environmental liability arises. To the extent that the obligations relate to the asset, they are capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial asset are charged to the Statement of Financial Performance

##### 1.23.4. Other Provisions

Provisions are measured as the present value of the estimated future outflows required to settle the obligation. In the process of determining the best estimate of the amounts that will be required in future to settle the provision management considers the weighted average probability of the potential outcomes of the provisions raised. This measurement entails determining what the different potential outcomes are for a provision as well as the financial impact of each of those potential outcomes. Management then assigns a weighting factor to each of these outcomes based on the probability that the outcome will materialise in future. The factor is then applied to each of the potential outcomes and the factored outcomes are then added together to arrive at the weighted average value of the provisions.

##### 1.23.4. Pension and other Employment benefits

Post-employment benefits offered by the entity take the form of defined benefit plans

The cost of defined benefit pension plans, other post employment medical benefits, and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

For key actuarial assumptions, refer to Note 14.1.3 "Post-employment Medical benefits".

**1.25 COMMITMENTS**

The notes to the financial statements must disclose the nature and amount of each material individual and each material class of capital expenditure commitment as well as non cancellable operating leases contracted for at the reporting date. Commitments for the supply of inventories, where a liability under a contract has not yet been recognised, do not require disclosure as a commitment

**1.26 PRESENTATION OF BUDGET POLICY**

A comparison between the following is presented as a note to the Financial Statement

Last approved and final budget amounts (which includes changes made by management within the prescribed limits), budget and actual amounts on a comparable basis; and explanations of material differences between budget and actual amounts, except where explanations have been included in other documents published in conjunction with the financial statements and cross reference to these documents is made.

**1.27 UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**1.28 IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Act (Act 56 of 2003), the Municipal Systems Act (Act 32 of 2000), the Public Office Bearers Act (Act 20 of 1998) or is in contravention of the municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**1.29 FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**1.30 VALUE ADDED TAX (VAT)**

The municipality accounts for Value Added Tax on the cash basis.

MARULENG LOCAL MUNICIPALITY  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
<p>Maruleng Municipality is a local government institution in Hoedspruit, Limpopo province, and is one of the five local municipalities under the jurisdiction of the Mopani District Municipality. The addresses of its registered office and principal place of business are disclosed under "General Information " included in the Annual Financial Statement and in the Introduction of Annual Report. The principal activities of the municipalities are disclosed in the Annual report and are prescribed by the Municipal Finance Management Act (MFMA)</p>		
<b>2. INVENTORIES</b>		
Consumable stores - at cost	<u>91 824</u>	<u>180 399</u>
<b>Movement for inventories</b>		
Stationery	( 63 455)	
Catridges	29 966	
Consumables	<u>( 61 679)</u>	
	<u>( 95 167)</u>	
<p>Held for own use with the aim that it should be carried at the lower of cost or current replacement Inventory has not been pledged as security for liabilities</p>		
<b>3. RECEIVABLES FROM EXCHANGE TRANSACTIONS</b>		
Trade debtors	916 422	775 933
Other debtors	1 667 155	357 307
Gross balance	<u>2 583 576</u>	<u>1 133 240</u>
Less: Provision for Doubtful Debts	( 860 238)	( 666 620)
<b>Net balance</b>	<u>1 723 338</u>	<u>466 620</u>
<b>Refuse and other</b>		
Current (0 - 30 days)	351 553	372 577
31 - 60 days	133 086	192 462
61 - 90 days	102 426	11 828
91 - 120 days	500 300	20 021
120 days +	1 496 211	536 353
<b>Total</b>	<u>2 583 576</u>	<u>1 133 240</u>
<b>4. RECEIVABLES FROM NON EXCHANGE TRANSACTIONS</b>		
Rates	12 727 216	11 601 060
Less: Provision for Doubtful Debts	(10 823 265)	(9 311 511)
<b>Net balance</b>	<u>1 903 951</u>	<u>2 289 549</u>
<b>Debtors Age Analysis</b>		
<b>Rates</b>		
Current (0 - 30 days)	850 297	1 412 134
31 - 60 days	610 996	490 242
61 - 90 days	517 599	428 466
91 - 120 days	474 646	398 308
120 days +	10 273 678	8 871 911
<b>Total</b>	<u>12 727 216</u>	<u>11 601 061</u>

MARULENG LOCAL MUNICIPALITY  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Summary of Debtors by customers classification	Consumers	2013	2012	Total
		R Industrial Commercial	R National government	
Current (0 - 30 days)	823 967	213 964	163 919	1 201 850
31 - 60 days	514 420	157 419	72 244	744 083
61 - 90 days	412 907	133 793	69 700	616 400
91 - 120 days	781 894	127 640	69 036	978 570
120 days +	9 156 782	1 739 127	873 980	11 769 890
Sub Total	11 689 970	2 371 943	1 248 880	15 310 793
<b>Less: Provision for doubtful debts</b>	(10 323 664)	( 854 203)	( 505 637)	<b>(11 683 503)</b>
Total debtors by customer Classification	1 366 307	1 517 740	743 243	3 627 290

**Reconciliation of the doubtful debt provision**

Balance at beginning of the year	9 978 131	6 389 388
Contributions to provision	1 705 371	3 588 743
Balance at end of year	<b>11 683 502</b>	<b>9 978 131</b>

As at 30 June 2013 trade and other receivables of R 14 308 194

The amount for the provision was R 11 683 502 as at 31 June 2013 (2012: R9 978 131)

The provision for doubtful debts has been decreased by R1 88

The municipality commence with the billing of rates for the farms and wildlife estates during 2008, the accounts are only billed for assessment rates. The property owners currently pay very poorly as the municipality does not provide any services to them. This is the reason for the material percentage of the balance owing on rates currently lying on 120+. The average 120+ days percentage for the last four years are 79%. however the increase in the rand value over the last three years were approximately 81,42% due to the non payment by the farms and wildlife estate property owners. It is estimated that this increase will continue in the near future and therefore it was decided to provide 82% of all rates balance outstanding as at 30 June 2013 as doubtful debts whilst the municipality is busy with the credit control by laws which will be implemented by 2013/14 financial period

This will make the provision for doubtful debt on rates the following:

**Calculation** (12 710 890 x 81.42%) 10 349 206

The percentage increase in rand value for the past three years in respect of balances owing for 120+ days are as

2009	4 495 828		
2010	5 709 471	1 213 643	26.99%
2011	8 100 272	2 390 801	41.87%
2012	8 861 353	761 081	9.40%
2013	10 260 976	1 399 623	15.79%

**5. OTHER RECEIVABLES**

Sundry debtors	839 724	3 120 880
Deposits	6 943	6 943
Mopani District Municipality (water & sanitation)	13 731 562	10 005 141
Mopani revenue management	16 323	
Agreements	230 264	320 219
<b>Total Other Receivables</b>	<b>14 824 817</b>	<b>13 453 183</b>

**6. VAT RECEIVABLE**

VAT receivable	<b>3 887 985</b>	<b>470 565</b>
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**7. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of the following:

Cash on floats	710	710
Cash at bank	3 563 801	4 929 405
Call deposits	25 974 170	14 919 812
	<b>29 538 680</b>	<b>19 849 927</b>

MARULENG LOCAL MUNICIPALITY  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	2013 R	2012 R
The municipality has the following bank accounts:		
<b>Current account (primary bank account)</b>		
<b>7.1 Bank: Standard Bank - Hoedspruit Branch</b>		
Account number: 033355487000		
Bank statement balance at beginning of year	4 814 577	8 609 291
Bank statement balance at end of year	<u>3 459 630</u>	<u>4 814 577</u>
Cash book balance at beginning of year	4 929 405	8 565 727
<b>Cash book balance at end of year</b>	<u><b>3 562 786</b></u>	<u><b>4 929 405</b></u>
<b>7.2 Disaster Bank Account</b>		
Account number: 033360642		
Bank statement balance at beginning of year	500	0
Bank statement balance at end of year	<u>6</u>	<u>500</u>
Cash book balance at beginning of year	500	0
<b>Cash book balance at end of year</b>	<u><b>1 015</b></u>	<u><b>500</b></u>



**MARULENG LOCAL MUNICIPALITY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013**

**8. PROPERTY, PLANT & EQUIPMENT**

**OWNED ASSETS:**

<b>8.1</b>	<b>Land and Buildings</b>	<b>Infrastructure</b>	<b>Library books</b>	<b>Other Assets</b>	<b>Total</b>
<b>Reconciliation of Carrying Value 30 June 2013</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
	<b>190 091 256</b>	<b>152 975 051</b>	<b>189 754</b>	<b>8 852 752</b>	<b>352 108 813</b>
Cost	217 902 333	224 474 133	260 163	11 889 818	454 526 447
Accumulated depreciation	(27 811 077)	(71 499 082)	( 70 409)	(3 037 067)	(102 417 635)
Acquisitions	2 511 918	18 409 763	0	1 442 410	22 364 091
Capital under construction	4 188 880	7 957 797	0		12 146 677
Impairment loss				(609)	( 609)
Depreciation	(9 461 740)	(15 581 287)	( 25 441)	(1 463 075)	(26 531 542)
Assets disposed	0	0	( 9 898)	( 861 273)	( 871 171)
Cost			( 18 792)	(2 483 992)	(2 502 784)
Accumulated depreciation			8 894	1 622 719	1 631 613
<b>Carrying value at end of the year</b>	<b>187 330 316</b>	<b>163 761 324</b>	<b>154 415</b>	<b>7 970 205</b>	<b>359 216 868</b>
Cost	224 603 132	250 841 693	241 371	10 848 236	486 534 431
Accumulated depreciation	(37 272 816)	(87 080 369)	( 86 956)	(2 878 031)	(127 317 563)

<b>Reconciliation of Carrying Value 30 June 2012</b>	<b>Buildings</b>	<b>Infrastructure</b>	<b>Library books</b>	<b>Other Assets</b>	<b>Total</b>
	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
<b>Carrying values at beginning of the year</b>	<b>187 827 045</b>	<b>142 412 429</b>	<b>208 757</b>	<b>8 861 233</b>	<b>339 309 464</b>
Cost	211 454 356	199 523 101	242 211	11 279 395	422 499 063
Accumulated depreciation	(23 627 311)	(57 110 672)	( 33 454)	(2 418 162)	(83 189 599)
Acquisitions	3 636 166	24 704 594	17 952	1 337 243	29 695 956
Capital under construction	2 811 811	246 437		0	3 058 249
Depreciation	(4 183 766)	(14 388 410)	( 23 900)	(1 221 580)	(19 817 655)
Assets disposed	0			( 124 145)	( 124 145)
Cost				( 726 820)	( 726 820)
Accumulated depreciation				602 675	602 675
Transferred from non current assets held for sale	-	-		-	-
Cost					0
Accumulated depreciation					0
<b>Carrying value at end of the year</b>	<b>190 091 256</b>	<b>152 975 051</b>	<b>202 809</b>	<b>8 852 752</b>	<b>352 121 868</b>
Cost	217 902 333	224 474 133	260 163	11 889 818	454 526 447
Accumulated depreciation – cost	(27 811 077)	(71 499 082)	( 57 354)	(3 037 067)	(102 404 580)

**8.2**

**FINANCE LEASE ASSETS:**

**Reconciliation of Carrying Value**

**Carrying values at beginning of the year**

	<b>2013</b>	<b>2012</b>
	<b>R</b>	<b>R</b>
<b>Cost</b>	<b>602 824</b>	<b>262 676</b>
Cost	921 990	827 843
Accumulated depreciation	( 319 166)	( 565 167)
Acquisition	174 106	523 449
Depreciation	( 198 529)	( 183 301)
<b>Assets Disposal</b>		<b>0</b>
Cost		( 429 301)
Accumulated depreciation		429 301
<b>Carrying value at end of the year</b>	<b>578 400</b>	<b>602 824</b>
Cost	1 096 096	921 990
Accumulated depreciation	( 517 696)	( 319 166)

The above office equipment is pledged as security for deemed finance leases.

	2013 R	2012 R
<b>9. INTANGIBLE ASSETS</b>		
<b>Computer software</b>		
<b>Reconciliation of Carrying Value</b>		
<b>Carrying values at beginning of the year</b>	34 892	41 964
Cost	49 500	49 500
Accumulated amortisation	( 14 608)	( 7 536)
Amortisation	( 7 071)	( 7 071)
<b>Carrying value at end of the year</b>	<b>27 821</b>	<b>34 892</b>
Cost	49 500	49 500
Accumulated amortisation	( 21 679)	( 14 608)
<b>10. INVESTMENT PROPERTY CARRIED AT COST</b>		
<b>Carrying values at beginning of the year</b>	3 254 850	2 853 377
Cost	3 254 850	2 853 377
Accumulated depreciation	( 0)	-
<b>ADJUSTED VALUE</b>	-	401 473
Cost	-	401 473
Accumulated depreciation	-	-
<b>Carrying value at end of the year</b>	<b>3 254 850</b>	<b>3 254 850</b>
Cost	3 254 850	3 254 850
Accumulated depreciation	( 0)	( 0)
<b>11. TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS</b>		
Trade creditors	2 140 857	1 139 238
Staff leave	1 161 180	940 987
Retentions	2 797 455	2 424 219
Unknown deposits	54 007	162 239
Bonus - 13th cheque	708 737	663 031
<b>Total Trade and Other Payables</b>	<b>6 862 235</b>	<b>5 329 715</b>
<b>TRADE AND OTHER PAYABLES FROM NON EXCHANGE TRANSACTIONS</b>		
Amounts received in advance	1 002 599	827 832
Other	2 379 832	3 194 450
	<b>3 382 431</b>	<b>4 022 282</b>
<b>12. UNSPENT CONDITIONAL GRANTS AND RECEIPTS</b>		
<b>Conditional Grants from other spheres of Government</b>		
Finance Management Grant	21 237	106 423
Municipal Systems Improvement Grant	-	271 438
Municipal Infrastructure Grant	-	( 0)
Mopani District	20 745	103 895
Disaster fund	272 240	
Grant - INEG	3 104 644	( 0)
EPWP	323 176	689 000
<b>Total Conditional Grants and Receipts</b>	<b>3 742 042</b>	<b>1 170 756</b>

See note 19 for the reconciliation of grants from other spheres of government.

These amounts are invested in a ring-fenced investment until utilised.

	2013 R	2012 R
<b>13. PROVISION</b>		
<b>13.1 NON CURRENT PROVISION</b>		
13.1.1 Long service awards	1 467 390	593 978
13.1.2 Environmental rehabilitation	6 489 083	5 467 311
13.1.3 Post employment medical aid	4 216 384	2 458 481
	<b>12 172 857</b>	<b>8 519 770</b>

**13.1.1.1. Long service awards**

The employer long service awards consists of an obligation to play out a bonus in the year of the employee attaining the required services. This obligation represents a liability to the employer and the value is represented by the present value of the total long services bonus awards expected to become payable under the employers current policy. Maruleng offers bonuses for every five years of completed services from 10 years to 45 years.

**Benefits awarded to qualifying employees ( Long service awards)**

Completed service Years	Long service Bonus Awards	Determination of cash bonuses
10	10 days accumulative leaves	10/250* x Annual salary
15	20 days Accumulative leave	20/250* x Annual salary
20,25,30,35,40,45	30 days Accumulative leave	30/250* x Annual salary

**13.1.1.2. Environmental rehabilitation**

The provision is made in terms of the licensing stipulations. The Provision has been determined on the basis of the recent independent study. The cost factors derived from the study by a consulting firm of engineers have been applied. The total closure and rehabilitation are uncertain, but are expected to be between 2012 to 2015. The actual costs were re assessed from R7, 2 to R8, 1 M with 11,84% interests rate to be incurred after two years, the value is increase by R1 021 773.

**Opening Balance**

Finance costs rehabilitation  
provision for rehabilitation  
Closing balance

<b>5 467 311</b>
546 731
475 040
<b>6 489 083</b>

**13.1.1.3. Post employment Medical Aid**

An actuarial valuation has been performed in respect of Post employment Medical benefits which employees may become entitled to after retirement. The employee post employment health care liability consists of a commitment to pay a portion of the pensioners medical Scheme contributions. This liability is also generated in respect of dependents who are offered continued membership of the medical schemes on the death of the pensioner. Summary of assumptions were provided to the municipality.

Currently there are no pensioners being subsidised for medical aid contributions hence no benefits payment.

	2 012	2013
<b>Opening Accrual liability ( Post employment medical Aid)</b>	<b>1 891 636</b>	<b>2 458 481</b>
Current service cost	406 056	451 560
interests costs	160 789	202 824
Actuarial gain/ loss		1 103 519
<b>Net periodic costs recognised</b>	<b>2 458 481</b>	<b>4 216 384</b>

**13.2 CURRENT PROVISION**

Provision for performance bonuses

<b>696 314</b>	<b>739 880</b>
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Performance bonuses are paid one year in arrears as the assessment of eligible employees has not taken place at the reporting date and no present obligation exist.

**14. FINANCE LEASE LIABILITY**

	Minimum lease payment	Future finance charges	Present value of lease payments
<b>30 June 2013</b>			
<b>Amounts payable under finance leases</b>			
Within one year	291 326	34 652	256 673
Within two to five years	188 360	8 187	180 173
	<b>479 686</b>	<b>42 839</b>	<b>436 846</b>
Less: Amount due for settlement within 12 months (current portion)			<b>( 256 673)</b>
			<b>180 173</b>
<b>30 June 2012</b>			
<b>Amounts payable under finance leases</b>			
Within one year	274 768	48 319	226 449
Within two to five years	342 885	28 337	314 548
	<b>617 653</b>	<b>76 655</b>	<b>540 998</b>
Less: Amount due for settlement within 12 months (current portion)			<b>( 226 449)</b>
			<b>314 548</b>

The liability is secured by office equipment under deemed finance leases with a carrying value of R180 173 (2012: R314 548). The effective interest rate is 11% and is repayable in 36 equal instalments. The last instalment is payable during June 2015.

	2013 R	2012 R
<b>15. REVENUE</b>		
Property rates	11 305 512	10 341 899
Service charges	2 548 200	2 260 834
Finance Income	1 246 988	969 593
Government grants and subsidies	92 126 724	83 263 913
Rental of facilities and equipment	256 312	319 516
Agency fees	3 743 537	3 671 553
Other revenue	1 622 788	767 185
Gain/(Loss) on disposal of assets	0	314 407
	<b>112 850 061</b>	<b>101 908 900</b>

The amount included in revenue arising from exchange of goods and services are as follows:

Service charges	2 548 200	2 260 834
Rental of facilities and equipment	256 312	319 516
	<b>2 804 512</b>	<b>2 580 349</b>

The amount included in revenue arising from exchange of goods and services are as follows:

<b>Taxation revenue</b>		
Property rates	11 305 512	10 341 899
<b>Transfer revenue</b>		
Government grants	92 126 724	83 263 913
	<b>103 432 236</b>	<b>93 605 812</b>

#### 16. PROPERTY RATES

Property rates levied	<b>(11 305 512)</b>	<b>10 341 899</b>
<b>VALUATIONS</b>	<b>R000's</b>	<b>R000's</b>
Residential	1278 598 650	1519 242 931
Commercial	707 422 000	150 712 050
State	97 829 800	146 653 200
Agricultural	769 033 400	1463 356 112
Other	707 526 200	329 313 561
	<b>3560 410 050</b>	<b>3609 277 854</b>

Valuations on properties are conducted every four years in terms of section 32 of the MPRA, on request the municipality can be condoned by extending its valuation roll by one financial year, the last valuation roll came in to effect on 1 July 2008 and expired on the 30 June 2012

The New valuation roll was conducted and implemented on the first of July 2012 and is valid until 30 June 2016, the valuation roll is updated and maintained twice every year by conducting supplementary Valuation Roll, the inclusion into the supplementary valuation roll are

1. Subdivided or consolidated properties
2. Improved properties e.g. newly constructed houses/ building
3. Properties previously omitted from General Valuation Roll
4. Newly established area

The same levying rate apply to different property categories  
Rebates are granted based on the land use. Rates are page 22

	2013 R	2012 R
<b>17. SERVICE CHARGES</b>		
Refuse removal	2 548 200	2 260 834
	<b>2 548 200</b>	<b>2 260 834</b>
<b>18. FINANCE INCOME</b>		
Interest receivable - Accounts receivable	192 615	216 573
Interest receivables - External investments	1 054 373	753 020
	<b>1 246 988</b>	<b>969 593</b>
<b>19. GOVERNMENT SUBSIDIES &amp; GRANTS</b>		
<b>Operating Grants</b>	<b>64 241 714</b>	<b>52 984 243</b>
Equitable share	53 513 000	47 176 000
Finance management Grant	1 585 186	1 393 577
Municipal Systems Improvement Grant	1 071 438	518 561
Mopani District Municipality	83 149	3 896 105
Disaster	4 727 760	
INEG	1 895 356	
Epwp	1 365 824	0
<b>Capital Grants</b>		
Municipal Infrastructural Grant	27 885 010	30 279 670
<b>Total Government Grants &amp; Subsidies</b>	<b>92 126 724</b>	<b>83 263 913</b>
<b>19.1 Equitable Share</b>		
In terms of the Constitution, this is an unconditional grant used to subsidise the provision of basic services to indigent community members.		
<b>19.2 Finance Management Grant</b>		
Balance unspent at beginning of year	106 423	319 600
Current year receipts	1 500 000	1 180 400
Conditions met – transferred to revenue	(1 585 186)	(1 393 577)
<b>Unspent amount transferred to liabilities</b>	<b>21 237</b>	<b>106 423</b>
(see note 12)		
This grant was used to promote and support reforms to municipal financial management and the implementation of the MFMA, 2003. The conditions of the grant were met.		
<b>19.3 Municipal Systems Improvement Grant</b>		
Balance unspent at beginning of year	271 438	414 473
Current year receipts	800 000	375 526
Conditions met – transferred to revenue	(1 071 438)	(518 561)
<b>Unspent amount transferred to liabilities</b>	<b>0</b>	<b>271 438</b>
(see note 12)		
The purpose of the grant is for institutional systems. No funds were withheld or delayed.		
<b>19.4 Municipal Infrastructure Grant (MIG)</b>		
Balance unspent at beginning of year	(3 060 397)	3 809 273.1
Current year receipts	30 174 000	23 410 000
Conditions met – transferred to revenue	(27 885 010)	(30 279 670)
<b>Unspent amount transferred to liabilities</b>	<b>( 771 406)</b>	<b>(3 060 397)</b>
(see note 12)		
This grant was used to construct municipal infrastructure to provide basic services for the benefit of poor households. The conditions of the grant were met.No funds have been withheld.		
<b>19.5 Mopani District Municipality</b>		
Balance unspent at beginning of year	103 895	4 000 000.0
Current year receipts	-	-
Conditions met – transferred to revenue	( 83 149)	(3 896 105)
	<b>20 746</b>	<b>103 895</b>
The grant was meant to conduct data cleansing for all maruleng farms and for the finalisation of the Willows Sports Fields		

	2013 R	2012 R
<b>19. GOVERNMENT SUBSIDIES &amp; GRANTS (cont)</b>		
<b>19.6 Community Development Workers - Grant</b>		
Balance unspent at beginning of year	0	354 334
Current year receipts	0	0
Conditions met – transferred to revenue	0	(354 334)
<b>Unspent amount transferred to liabilities</b>	<b>0</b>	<b>0</b>
(see note 12)		
This grant was used to pay Community Development Workers before they were transferred to Local Government		
<b>19.7 Expanded Public Works Programme Grant</b>		
Balance unspent at beginning of year	689 000	200 000
Current year receipts	1 000 000	489 000
Conditions met – transferred to revenue	(1 365 824)	0
<b>Unspent amount transferred to liabilities</b>	<b>323 176</b>	<b>689 000</b>
(see note 12)		
This grant is used to create temporary work for unemployed people		
<b>19.8 Intergrated National Electrification Programme</b>		
Balance unspent at beginning of year	0	0
Current year receipts	5 000 000	0
Conditions met – transferred to revenue	(1 895 356)	0
<b>Unspent amount transferred to liabilities</b>	<b>3 104 644</b>	<b>0</b>
(see note 12)		
This grant is used for electrification in the Metz villages		
<b>19.9 Disaster Fund</b>		
Balance unspent at beginning of year	0	0
Current year receipts	5 000 000	0
Conditions met – transferred to revenue	(4 727 760)	0
<b>Unspent amount transferred to liabilities</b>	<b>272 240</b>	<b>0</b>
(see note 13)		
municipal villages		
Based on the allocations set out in the Division of Revenue Act, (Act 12 of 2009), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.		
<b>20 AGENCY FEES</b>		
Traffic motor licencing	3 729 218	3 582 705
Mopani water and sanitation	14 319	88 847
	<b>3 743 537</b>	<b>3 671 553</b>
<b>21 OTHER REVENUE</b>		
Building plans	340 949	259 592
Tender documents	143 154	46 316
Unallocated monies	161 882	43 614
Sundry	976 803	417 663
<b>Total Other Income</b>	<b>1 622 788</b>	<b>767 185</b>
sundry includes other incomes like building plans, tender documents etc		
<b>22. GAIN/(LOSS) ON DISPOSAL OF ASSETS</b>		
Property, plant and equipment	<b>( 871 171)</b>	<b>314 407</b>
<b>23. EMPLOYEE RELATED COSTS</b>		
Employee related cost - Salaries and wages	24 397 962	21 081 449
Employee related cost - Social contributions	7 475 154	5 403 636
Travel, motor car, accommodation & other allowances	1 104 322	1 223 462
Housing benefits and allowances	530 002	335 836
Leave provision	120 068	( 27 788)
	<b>33 627 508</b>	<b>28 016 594</b>
There were no advances paid to employees.		

	2013 R	2012 R
<b>23. EMPLOYEE RELATED COSTS (cont.)</b>		
<b>Municipal Manager</b>		
Annual remuneration	581 025	707 691
Performance and other bonuses	54 060	43 282
Travel and other allowances	296 640	103 200
Contributions to UIF, medical and pension funds	191 955	169 605
	<b>1 123 681</b>	<b>1 023 779</b>
<b>Chief Financial Officer</b>		
Annual remuneration	263 390	394 735
Performance and other bonuses	66 780	74 200
Travel and other allowances	192 667	289 000
Contributions to UIF, medical and pension funds	397 043	103 187
	<b>919 880</b>	<b>861 121</b>
<b>Director: Technical Services</b>		
Annual remuneration	510 991	485 373
Performance and other bonuses	48 230	23 970
Travel and other allowances	129 000	89 860
Contributions to UIF, medical and pension funds	175 876	116 718
	<b>864 098</b>	<b>715 921</b>
<b>Director: Community Services</b>		
Annual remuneration	193 139	431 453
Performance and other bonuses	69 682	104 754
Travel and other allowances	41 150	98 760
Contributions to UIF, medical and pension funds	194 202	133 379
	<b>498 172</b>	<b>768 347</b>
<b>Director: Corporate Services</b>		
Annual remuneration	421 465	431 453
Performance and other bonuses	34 450	104 754
Travel and other allowances	199 000	98 760
Contributions to UIF, medical and pension funds	126 443	133 379
	<b>781 358</b>	<b>768 347</b>
<b>Director: Spatial Development and Planning</b>		
Annual remuneration		305 096
Performance and other bonuses	62 010	27 800
Travel, subsistence and other allowances		224 167
Contributions to UIF, medical and pension funds		103 297
	<b>62 010</b>	<b>660 360</b>
The municipality is having three Section 56 Positions which are vacant for 2013 financial period: director Spatial Planning and Economic Development , Community Service Director and Chief financial Position		
<b>24. REMUNERATION OF COUNCILLORS</b>		
Mayor	626 014	629 075
Speaker	536 071	508 356
Executive Committee members	1 478 207	1 328 694
Councillors part time	4 215 277	3 902 513
Councillors full time	503 193	477 761
	<b>7 358 761</b>	<b>6 846 399</b>
The Mayor, Speaker and three councillors are full time. Each is provided with an office and secretarial support at the cost of Council.		
The Mayor has use of a Council owned vehicle for official duties. The Mayor also has use of a Council owned house to entertain official guest.		
<b>25. DEPRECIATION AND AMORTISATION EXPENSE</b>		
Property, plant and equipment	26 729 821	19 810 584
Investment property	-	
Intangible assets	7 071	7 071
	<b>26 736 893</b>	<b>19 817 655</b>

	2013 R	2012 R
<b>26. FINANCE COST</b>		
Finance leases	64 910	41 229
	<b>64 910</b>	<b>41 229</b>
<b>27. GENERAL EXPENSES</b>		
Included in general expenses is the following:-		
Advertising	326 904	229 949
Audit fees	1 858 363	1 354 674
Bank charges	155 326	132 705
Bad debts	-	10 100
Computer expenses	26 040	600
Electricity	1 245 458	1 259 087
Free basic electricity	605 447	459 223
Fuel	1 087 967	1 376 399
Functions and events	1 123 365	1 196 595
Insurance	428 062	642 384
Environmental rehabilitation	2 000 983	6 290 561
Legal expenses	131 258	724 674
Membership fees	400 050	249 621
Printing and stationery	361 617	376 259
Professional fees	2 079 625	6 771 938
Stores and material	241 591	127 462
Telephone & cellphone costs	565 779	572 906
Training	287 324	103 539
Ward committees	1 900 358	1 280 073
Other	5 812 090	4 394 543
	<b>20 637 607</b>	<b>27 553 293</b>
<b>28. CONTRACTED SERVICES</b>		
Refuse removal service costs	1 558 349	1 997 772
Security costs	3 663 870	3 217 169
	<b>5 222 219</b>	<b>5 214 941</b>
<b>29. CORRECTION OF ERRORS</b>		
<b>29.1 PROVISION</b>		
Medical Accrual liability 2010/11 not incurred in the previous period		(1 891 636)
Medical cost recognised for 2011 to 2012		(566 845)
		<b>(2 458 481)</b>
<b>29.2 PROPERTY PLANT AND EQUIPMENT</b>		
<b>29.2.1. COSTS 2011/12</b>		
understated of Land		20 443 653
understated of Building		125 538 480
understated of Infrastructure		135 891 227
Overstated of Assets under construction		(17 150 043)
Understated of Investment property		401 473
Understated of Finance lease Assets		222 591
		<b>265 347 382</b>
<b>29.2.2. COSTS OTHER ASSETS</b>		
understated of Books and publications		172 826
understated of Computer Equipment		78 920
Overstated of Vehicles		(1 279 494)
Understated of Office Equipment		548 321
understated of Furniture		602 358
Overstated of Plant and Equipment		(246 186)
Total accumulated surplus		<b>(123 254)</b>
<b>29.2.3 ACCUMULATED DEPRECIATION 2011/12</b>		
Understated of Acc depr Infrastructure		(60 833 804)
Understated of Acc Dep Building		(8 785 493)
understated of Acc Dep Finance Leased Assets		(100 110)
Understated of Acc Dep Books and Publications		(13 056)
		<b>(69 732 463)</b>
<b>29.2.4. ACCUMULATED DEPRECIATION OTHER ASSETS</b>		
OVERSTATED OF THE OPENING BALANCES 2011 TO 2012		
Acc Dep Computer Equipment		371 133
Acc Dep Furniture and Equipment		1 129 682
Acc Dep motor Vehicle		2 860 885
Acc Dep Plant and Equipment		363 208
Acc Dep Office Equipment		276 093
Acc Dep computer Software		19 477
		<b>5 020 477</b>
<b>29.3 OTHER EXPENDITURE</b>		
other Expenditure		37 235
<b>29.4. OTHER INCOME</b>		
other Income		(7 720)
		<b>198 083 176</b>



	2013 R	2012 R
<b>30. CASH GENERATED FROM/(UTILISED IN) OPERATIONS</b>		
<b>Net surplus for the year</b>	15 354 549	9 692 744
Adjustment for:		
Prior year adjustments		-
Depreciation and amortisation charges	26 736 893	19 817 655
Gain on disposal of assets	871 171	(314 407)
Contribution to provisions	3 609 521	5 858 041
Finance income	(1 246 988)	(216 573)
Finance costs	64 910	-
<b>Operating surplus before working capital changes</b>	<b>45 390 055</b>	<b>34 837 460</b>
(Increase)/decrease in inventories	88 575	43 315
(Increase)/decrease in consumer debtors	(871 120)	1 551 287
(Increase)/decrease in other receivables	(1 371 634)	(5 441 702)
(Increase)/decrease in VAT receivable	(3 417 421)	524 602
Increase/(decrease) in conditional grants	2 571 286	(8 203 851)
Increase/(decrease) in trade payables and other payables	892 670	3 086 440
<b>Net cash from operating activities</b>	<b>43 282 412</b>	<b>26 397 551</b>
<b>31. ADDITIONAL DISCLOSURES IN TERMS OF SECTION 125 OF MUNICIPAL FINANCE MANAGEMENT ACT, 2003</b>		
<b>31.1 Contribution to SALGA</b>		
Council membership fees payable	400 050	292 056
Amount paid current year	(400 050)	(292 056)
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>
<b>31.2 Audit Fees</b>		
Current year audit fee	1 858 363	1 637 850
Amount paid current year	(1 858 363)	(1 637 850)
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>
<b>31.3 VAT</b>		
VAT is payable on the cash basis. VAT input receivables and VAT output receivable are shown in note 6. All VAT returns but one have been submitted by the due date throughout the year.		
<b>31.4 PAYE &amp; UIF</b>		
Current payroll deductions	4 365 389	3 209 628
Amount paid current year	(4 365 389)	(3 209 628)
<b>Balance unpaid</b>	<b>-</b>	<b>-</b>
<b>31.5 Pension and Medical Aid Deductions</b>		
Current payroll deductions	7 830 845	5 149 833
Amount paid current year	(7 830 845)	(5 149 833)
<b>Balance unpaid</b>	<b>-</b>	<b>-</b>
<b>32. COUNCILLOR'S ARREAR CONSUMER ACCOUNTS</b>		
Councillors do not have municipal accounts with the municipality.		
<b>33. COMMITMENTS</b>		
<b>33.1 Commitments in respect of capital and current expenditure</b>		
- approved and contracted for		
Current	20 253 599	7 801 945
Capital	21 173 053	18 480 333
	<b>41 426 652</b>	<b>26 282 278</b>
The expenditure will be financed from:		
- Government Grants	19 964 149	15 935 594
- Mopani District Municipality	20 746	3 896 105
- Internal sources	21 441 757	6 450 579
	<b>41 426 652</b>	<b>26 282 278</b>
<b>33.2 Operating leases</b>		
<b>Operating leases- lessor</b>		
<b>Minimum lease payments due</b>		
within one year	263 773	182 898
in the second to fifth year inclusive	832 323	-
After five years	-	-
<b>Total</b>	<b>1 096 096</b>	<b>182 898</b>
Certain of the municipality's building is held to generate income.		
<b>34. DEVIATIONS FROM SUPPLY CHAIN</b>		
Refer to Appendix E for details relating to deviation from supply chain processes.		

	2013 R	2012 R
<b>35. CONTINGENT LIABILITIES</b>		
<b>35.1</b> Liz De Beer Unpaid performance bonus claim from previous municipal manager	170 016	170 016
<b>35.2</b> Reneitt Wessels Rent for water pump on her property	-	93 161
<b>35.3</b> BMK Electronics claim on sewer pump	102 175	
<b>35.4</b> Jacu Craucamp Dispute on subcontracting	109 075	
<b>35.5</b> Mthenjakave Security Service Dispute on awarding of tender	400 000	
<b>35.6</b> Maatjie Plant Hire & Construction CC Dispute on subcontracting	213 349	
<b>35.7</b> Wilkes & Others Claims on the house gutted by fire	3 055 702	2 058 546
<b>TOTAL</b>	<b>4 050 317</b>	<b>263 177</b>

**36. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE**

**36.1 Unauthorised expenditure**

Reconciliation of unauthorised expenditure

Opening balance	-	2 783 093
Unauthorised expenditure current year	-	-
Condoned or written off by Council	-	(2 783 093)
Unauthorised expenditure awaiting condonement	-	-

The unauthorised expenditure relates to spending above the approved budget.

**36.2 Irregular expenditure**

Reconciliation of irregular expenditure

Opening balance	15 912 191	525 052
Irregular expenditure current year	-	15 912 191
Condoned or written off by Council	(18 538 873)	( 525 052)
Reversal of expenditure condoned by council	18 538 873	
Irregular expenditure awaiting condonement by National Treasury	<b>15 912 191</b>	<b>15 912 191</b>

Non compliance with the SCM Regulation

**36.3 Fruitless and wasteful expenditure**

Opening balance	2 747 333	
Fruitless and wasteful expenditure current year	-	2 747 333
Condoned or written off by Council	(2 747 333)	
Reversal of expenditure condoned by council	-	
Fruitless and wasteful expenditure awaiting condonement by National Treasury	-	<b>2 747 333</b>

Litigation on Termination of Contract Settled Out of Court and Payment to a contractor for a sub-standard work done

**37. RELATED PARTY DISCLOSURES**

- 37.1** During the year, in the ordinary course of business, transactions between the Municipality and the under-mentioned parties have occurred under terms and condition no more favourable than those entered into with third parties in an arm's length transaction.

**Management Team**

No business transaction took place between Maruleng Municipality and key Management personnel(Municipal Manager and Directors) and their close family members during the year under review. Details relating to their remuneration is disclosed in note 23.

**Audit Committees**

the role of the audit committee in corporate government is to support the council and managemnt in identifying and managing riskand thereby enabling them to develop and implement adequate control measures to mitigate the exposure risksd

**Details of loans and advances**

The MFMA prohibits the granting of loans and advances to officials.

2013  
R2012  
R

## 38 PRESENTATION OF BUDGET INFORMATION

	Actual R	Budget R	Variance %
<b>REVENUE</b>			
Property rates	11 305 512	12 000 000	94%
Service charges	2 548 200	2 207 723	115%
Rental of facilities and equipment	256 312	296 600	86%
Finance income	1 246 988	907 400	137%
Fines	232 238	200 000	116%
Revenue for agency services	3 743 537	4 241 300	88%
Government grants & subsidies – operating	64 241 714	64 983 757	99%
Government grants & subsidies – capital	27 885 010	30 174 000	92%
Other revenue	1 390 549	14 181 555	10%
Gains on disposal of assets	0	1 500 000	0%
<b>Total Revenue</b>	<b>112 850 061</b>	<b>130 692 335</b>	<b>839%</b>
<b>EXPENDITURE</b>			
Employee related costs	33 627 508	31 969 012	105%
Remuneration of councillors	7 358 761	7 600 333	97%
Depreciation	26 736 893	5 500 000	486%
Repairs & maintenance	1 271 071	1 845 000	69%
Finance costs	64 910	70 000	93%
General expenses	20 637 607	23 921 726	86%
Contracted services	5 222 219	6 050 000	86%
Bad debts	1 705 371	3 500 000	49%
Loss on sale of assets	871 171		0%
<b>Total Expenditure</b>	<b>97 495 512</b>	<b>80 456 071</b>	<b>1071%</b>
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>15 354 549</b>	<b>50 236 264</b>	<b>-232%</b>

The final budget and financial statements were both prepared on an accrual basis. See annexure F for explanation of significant variances greater than 10%

## 39. EVENTS AFTER THE REPORTING DATE

At the time of preparing and submitting the Annual Financial Statements (25 July 2013) the HP laptop with a barcode number 30352 , serial number 2CE1061CG3 to the costs of R5999 was stolen and reported to the SAPS on the same date with a case number 83/7/2013 .

**MARULENG LOCAL MUNICIPALITY**  
**APPENDIX A**  
**ANALYSIS OF LONG TERM LOANS AS AT 30 June 2013**

The Municipality does not have long term loans

**APPENDIX B**  
**MARULENG MUNICIPALITY**  
**SEGMENTAL ANALYSIS OF CAPITAL ASSETS AS AT 30 JUNE 2013**

PROPERTY PLANT AND EQUIPMENT								INVESTMENT PROPERTY
TOTAL	LAND AND BUILDINGS	INFRASTRUCTURE ASSETS	OTHER ASSETS	LEASED ASSETS	LIBRARY BOOKS	WIP	TOTAL	
Bookvalue 1 Jul 2009	R396 480 257	R191 786 950	R193 848 030	R10 065 911	R531 380	R247 986	R0	R3 254 850
Cost 1 Jul 2009	R382 319 882	R208 843 087	R163 993 015	R8 927 170	R314 399	R242 211	R0	R3 254 850
- Completed assets	R382 319 882	R208 843 087	R163 993 015	R8 927 170	R314 399	R242 211	R0	R3 254 850
- Under construction	R0						R0	
Acc Dep 1 Jul 2009	R48 272 648	R17 056 137	R29 855 015	R1 138 741	R216 981	R5 774	R0	R0
Additions 2009-2010	R23 584 525	R1 498 959	R20 759 226	R988 847	R337 494	R0	R0	R0
Disposals 2009-2010	R0	R0	R0	R0	R0	R0	R0	R0
Depreciation 2009-2010	R17 360 305	R3 166 979	R13 407 709	R585 909	R195 662	R4 046	R0	R0
WIP 2009-2010	R317 021	R0	R0	R0	R0		R317 021	R0
Fairvalue adjustment for investment property	R0	R0	R0	R0	R0	R0	R0	R0
Bookvalue 30 Jun 2010	R331 608 447	R190 118 930	R141 489 517	R8 191 367	R239 251	R232 391	R0	R3 254 850
Cost 30 June 2010	R0							
- Completed assets	R405 904 408	R210 342 045	R184 752 241	R9 916 017	R651 893	R242 211		R3 254 850
- Under construction	R317 021	R0	R0	R0	R0	R0	R317 021	R0
Acc Dep 30 Jun 2010	R65 632 953	R20 223 116	R43 262 724	R1 724 650	R412 642	R9 820		R0
Additions 2010-2011	R17 154 977	R795 290	R14 770 860	R1 412 878	R175 949	R0	R0	R0
Disposals 2010-2011	R0	R0	R0	R0	R0	R0	R0	R0
Depreciation 2010-2011	R18 129 349	R3 404 195	R13 847 948	R701 048	R152 524	R23 634	R0	R0
WIP 2010-2011	R0	R0	R0	R0	R0	R0	R0	R0
Fairvalue adjustment for investment property	R0	R0	R0	R0	R0	R0	R0	R0
Bookvalue 30 Jun 2011	R339 297 083	R187 510 024	R142 412 429	R8 903 197	R262 676	R208 757		R3 254 850

Cost 30 June 2011	R0								
- Completed assets	R423 059 385	R211 137 335	R199 523 101	R11 328 895	R827 843	R242 211			R3 254 850
- Under construction	R317 021	R0	R0	R0	R0	R0	R317 021		R0
Acc Dep 30 Jun 2011	<b>R83 762 302</b>	<b>R23 627 311</b>	<b>R57 110 672</b>	<b>R2 425 698</b>	<b>R565 167</b>	<b>R33 454</b>			<b>R0</b>
Additions 2011-2012	R30 219 405	R3 636 166	R24 704 594	R1 337 243	R523 449	R17 952	R0		R0
Disposals 2011-2012 (COST)	<b>R1 156 121</b>	R0	R0	<b>R726 820</b>	<b>R429 301</b>	R0	R0		R0
Disposals Acc Dep	R1 031 976	R0	R0	R602 675	R429 301	R0	R0		R0
Depreciation 2011-2012	<b>R20 008 028</b>	<b>R4 183 766</b>	<b>R14 388 410</b>	<b>R1 228 651</b>	<b>R183 301</b>	<b>R23 900</b>	R0		R0
WIP 2010-2011	R3 058 249	R0	R0	R0	R0	R0	R3 058 249		R0
Fairvalue adjustment for investment property	R0	R0	R0	R0	R0	R0	R0		R0
Bookvalue 30 Jun 2012	<b>R352 759 584</b>	<b>R186 962 425</b>	<b>R152 728 614</b>	<b>R8 887 644</b>	<b>R602 824</b>	<b>R202 809</b>	<b>R3 375 269</b>		<b>R3 254 850</b>
Cost 30 June 2012	R0								
- Completed assets	R452 122 668	R214 773 501	R224 227 696	R11 939 318	R921 990	R260 163			R3 254 850
- Under construction	R3 375 269	R0	R0	R0	R0	R0	R3 375 269		R0
Acc Dep 30 Jun 2012	<b>R102 738 354</b>	<b>R27 811 077</b>	<b>R71 499 082</b>	<b>R3 051 674</b>	<b>R319 166</b>	<b>R70 409</b>			<b>R0</b>
Additions 2012-2013	R22 540 653	R2 511 918	R18 409 763	R1 443 023	R174 106	R0	R0		R0
Disposals 2012-2013 (COST)	<b>R2 502 784</b>	R0	R0	<b>R2 483 992</b>	R0	<b>R18 792</b>	R0		R0
Disposals Acc Dep	R1 632 222	R0	R0	R1 623 328	R0	R8 894	R0		R0
Depreciation 2012-2013	<b>R26 736 891</b>	<b>R9 461 740</b>	<b>R15 581 287</b>	<b>R1 469 895</b>	<b>R198 529</b>	<b>R25 441</b>	R0		R0
WIP 2012-2013	R12 146 677	R0	R0	R0	R0	R0	R12 146 677		R0
Fairvalue adjustment for investment property	R0	R0	R0	R0	R0	R0	R0		R0
Asset impairment	<b>R609</b>	R0	R0	<b>R609</b>	R0	R0	R0		R0
Bookvalue 30 Jun 2013	<b>R359 823 954</b>	<b>R180 012 603</b>	<b>R155 557 090</b>	<b>R7 999 500</b>	<b>R578 400</b>	<b>R154 415</b>	<b>R15 521 946</b>		<b>R3 254 850</b>
Cost 30 June 2013	R0						R0		
- Completed assets	R472 158 694	R217 285 419	R242 637 458	R10 898 350	R1 096 096	R241 371	R0		R3 254 850
- Under construction	R15 521 946	R0	R0	R0	R0	R0	R15 521 946		R0
Acc Impairment	<b>R609</b>			<b>R609</b>			R0		
Acc Dep 30 Jun 2013	<b>R127 856 078</b>	<b>R37 272 816</b>	<b>R87 080 369</b>	<b>R2 898 241</b>	<b>R517 696</b>	<b>R86 956</b>	R0		<b>R0</b>

**APPENDIX C**  
**MARULENG MUNICIPALITY**  
**SEGMENTAL ANALYSIS OF CAPITAL ASSETS AS AT 30 JU**

Description	Vote Number	Cost / Revaluation						Accumulated Depreciation			
		Opening Balance	Additions	Under Construction	Transfers	Disposals	Closing Balance	Opening Balance	Transfers	Disposals	Closing Balance
		R	R	R	R	R	R	R	R	R	R
Executive and Council		1 727 860	552 351	-	-	(116 409)	2 163 803	373 399	-	(112 226)	508 251
	200	996 414	505 500			(30 919)	1 470 995	187 825		(30 522)	306 459
	700	731 446	46 851			(85 490)	692 808	185 574		(81 705)	201 792
Finance and Administration		4 169 455	1 122 857	-	-	(334 083)	4 958 229	1 045 738	-	(316 361)	1 331 665
	010	1 649 703	219 825			(270 060)	1 599 468	625 734		(262 342)	682 808
	300	2 519 752	903 032			(64 023)	3 358 760	420 004		(54 019)	648 857
Planning and Development		173 049 140	1 042 450	-	-	(368 261)	173 723 329	28 334 295	-	(314 201)	35 858 504
	400	2 022 518	48 994			(61 061)	2 010 451	265 225		(49 757)	383 260
	600	171 026 621	993 457			(307 199)	171 712 878	28 069 070		(264 444)	35 475 244
Community and Social Services		25 692	-	7 317 712	-	-	7 343 405	4 646	-	-	8 441
	601	25 692	-	7 317 712	-	-	7 343 405	4 646	-	-	8 441
Health		-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
Electricity		12 050 870	-	1 662 593	-	-	13 713 463	5 178 379	-	-	6 062 908
	500E	12 050 870	-	1 662 593	-	-	13 713 463	5 178 379	-	-	6 062 908
Roads		260 322 151	19 754 755	6 541 641	-	(1 684 031)	284 934 516	67 656 268	-	(889 433)	83 874 300
	500R	260 322 151	19 754 755	6 541 641	-	(1 684 031)	284 934 516	67 656 268	-	(889 433)	83 874 300
Public Safety		-	68 240	-	-	-	68 240	-	-	-	11
	999	-	68 240	-	-	-	68 240	-	-	-	11
Waste Management		777 500	-	-	-	-	777 500	145 628	-	-	198 943
	888	777 500	-	-	-	-	777 500	145 628	-	-	198 943
Corporate Services		-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-
Total		452 122 668	22 540 653	15 521 946	-	(2 502 784)	487 682 484	102 738 354	-	(1 632 222)	127 843 023

JNE 2013

Accumulated Impairment				Accumulated Depreciation / Impairment				Carrying Value
Opening Balance	Additions	Transfers	Closing Balance	Additions	Transfers	Disposals	Closing Balance	
R	R	R	R	R	R	R	R	R
-	-	-	-	149 155	-	(30 522)	508 251	1 655 551
			-	149 155	-	(30 522)	306 459	1 164 536
			-	97 923	-	(81 705)	201 792	491 015
-	-	-	-	319 417	-	(262 342)	1 331 665	3 626 564
			-	319 417	-	(262 342)	682 808	916 660
			-	282 872	-	(54 019)	648 857	2 709 904
-	609	-	609	7 839 019	-	(49 757)	35 859 113	137 864 216
			-	167 792	-	(49 757)	383 260	1 627 191
	609		609	7 671 227	-	(264 444)	35 475 853	136 237 025
-	-	-	-	3 794	-	-	8 441	7 334 964
			-	3 794	-	-	8 441	7 334 964
-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-
-	-	-	-	884 528	-	-	6 062 908	7 650 555
			-	884 528	-	-	6 062 908	7 650 555
-	-	-	-	17 107 466	-	(889 433)	83 874 300	201 060 215
			-	17 107 466	-	(889 433)	83 874 300	201 060 215
-	-	-	-	11	-	-	11	68 229
			-	11	-	-	11	68 229
-	-	-	-	53 314	-	-	198 943	578 557
			-	53 314	-	-	198 943	578 557
-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-
-	609	-	609	26 356 705	-	(1 232 054)	127 843 632	359 823 954



**MARULENG LOCAL MUNICIPALITY**

**APPENDIX D**

**DETAILED SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013**

2012 Actual Income	2012 Actual Expenditure	2012 Actual Surplus/ (Deficit)		2013 Actual Income	2013 Actual Expenditure	2013 Actual Surplus/ (Deficit)
R	R	R		R	R	R
-	<b>9 070 885</b>	<b>(9 070 885)</b>	<b>EXECUTIVE COUNCIL</b>	-	<b>10 629 578</b>	<b>(10 629 578)</b>
	7 789 417	(7 789 417)	Executive Department		1 936 146	(1 936 146)
	1 281 468	(1 281 468)	Mayors Department		8 693 432	(8 693 432)
<b>101 606 367</b>	<b>32 244 149</b>	<b>69 362 218</b>	<b>FINANCE &amp; ADMINISTRATION</b>	<b>110 490 149</b>	<b>46 908 722</b>	<b>63 581 427</b>
101 434 041	17 598 035	83 836 006	Finance	110 341 225	20 258 924	90 082 302
172 326	7 744 029	(7 571 703)	Administrative services	148 923	18 946 904	(18 797 981)
	6 902 085	(6 902 085)	Municipal Manager		7 702 894	(7 702 894)
17 078	19 237 225	(19 220 147)	<b>COMMUNITY DEVELOPMENT</b>	188 619	16 152 572	(15 963 953)
236 173	4 586 469	(4 350 296)	<b>PLANNING</b>	400 368	4 233 595	(3 833 227)
49 282	15 500 325	(15 451 043)	<b>TECHNICAL DEPARTMENT</b>	6 238 404	24 038 525	(17 800 121)
<b>101 908 900</b>	<b>80 639 054</b>	<b>21 269 847</b>	<b>Total</b>	<b>117 317 539</b>	<b>101 962 991</b>	<b>15 354 548</b>

**MARULENG LOCAL MUNICIPALITY**  
**APPENDIX E**  
**DEVIATION FROM SUPPLY CHAIN PROCESSES**  
**SUPPLY CHAIN MANAGEMENT REGULATION 36(2) FOR THE YEAR ENDED 30 JUNE 201:**

DATE	SERVICE	SUPPLIER	AMOUNT	Form of Deviation
12/04/2013	Training of Bid Committee	Southern Business School	R67 000.00	Closed bid.
18/04/2013	Review of Annual Financial Statements	Durcharme Consulting(Pty)	R53 694.00	Closed bid.
29/10/2012	Medical	On-site-occupational	R25,992.00	Only one supplier registered on our database
(For medical x-rays)				
29/10/2012	Medical	Occuhealth-on-site	R25,648.00	Only one supplier registered on our database
(For full body examinations)				
29/10/2012	Medical	On-site-occupational	R25,992.00	Only one supplier registered on our database
(For medical x-rays)				
29/10/2012	Medical	Occuhealth-on-site	R25,648.00	Only one supplier registered on our database
(For full body examinations)				
01/09/2012	Electricity	Sekuka Electrical	R 35 825.55	Emergency request after electricity breakdown during mayors tournament proceedings
10/12/2012	Sewerage	Martmol Trading	R215 906.88	Emergency break down of sewer pump over the weekend.
20/02/2013	2.5 Single Cab Isuzu B	Simpson Motors	R215 805.00	Cost effectiveness. The car was bought directly from the dealer
20/02/2013	1.6 Toyota Corolla	NTT Toyota	R218 159.70	Cost effectiveness. The car was bought directly from the dealer
			0.00	

**Totals**

**909 671**

**MARULENG LOCAL MUNICIPALITY**  
**APPENDIX D**  
**STATEMENT OF COMPARISON OF BUDGET TO ACTUAL AMOUNTS FOR THE YEAR ENDED 30 JUNE 2013**

	Actual	Budget	Variance	Variance	Reason for Variance
	R	R	R	%	
<b>REVENUE</b>					
Property rates	11 305 512.44	12 000 000.00	694 488	0.06	some of the refuse removal are done in house which lead to high increase
Service charges	2 548 200.20	2 208 000.00	-340 200	(0.15)	
Rental of facilities and equipment	256 312.13	296 600.00	40 288	0.14	
Finance income	1 246 988.29	907 400.00	-339 588	(0.37)	
Fines	232 238.15	200 000.00	-32 238	(0.16)	An increase in outstanding debts led to increase in interests rates
Revenue for agency services	3 743 536.78	4 241 300.00	497 763	0.12	in terms of SLA between Maruleng and Mopani we were supposed to receive 5% of the amount collected for water services, the resolution has not been made for the municipality to charge water after the disaster
Government grants & subsidies – operating	64 241 713.90	64 983 756.83	742 043	0.01	
Government grants & subsidies – capital	27 885 009.64	30 174 000.00	2 288 990	0.08	
Other revenue	1 390 549.40	4 631 555.31	3 241 006	0.70	some of the activities were not done as anticipated
Gains on disposal of assets	(871 171.04)	1 500 000.00	2 371 171	1.58	the budget reflects the proceeds whilst the actual reflects profit on sale of assets
<b>Total Revenue</b>	<b>111 978 889.89</b>	<b>121 142 612.14</b>	<b>9 163 722.25</b>		
<b>EXPENDITURE</b>					
Employee related costs	33 627 508.02	31 969 012.42	-1 658 496	(0.05)	The increase in employee costs was caused by provision for medical aid which will be performed in future
Remuneration of councillors	7 358 761.25	7 600 333.00	241 572	0.03	
Depreciation	26 736 892.53	5 500 000.00	-21 236 893	(3.86)	GRAP implementation on PPE ( non cash item)
Repairs & maintenance	1 271 071.40	1 845 000.00	573 929	0.31	The repairs and mainatance is done in house, the budget was for the purchase of material
Finance costs	64 909.91	70 000.00	5 090	0.07	
General expenses	20 637 608.58	23 921 725.74	3 284 117	0.14	some of the activities were not done as anticipated
Contracted services	5 222 219.27	6 050 000.00	827 781	0.14	the contract for Security lapse after adjustment budget
Bad debts	1 705 371.31	3 500 000.00	1 794 629	0.51	credit control by law not yet implemented
<b>Total Expenditure</b>	<b>96 624 342.27</b>	<b>80 456 071.16</b>	<b>-16 168 271.11</b>		
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>15 354 547.62</b>	<b>40 686 540.98</b>	<b>25 331 993.36</b>		

